

# The AMERICAN OBSERVER

*A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Monroe*



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## Italians Face Grave Economic Problems

**Mussolini Confronts Growing Debt Load on Foreign Loans and Purchases**

### NATION LEAVES GOLD STANDARD

**Enthusiasm for Ethiopian War May Mask Serious Internal Difficulties**

Italy's aggressiveness in the Ethiopian dispute, and her apparent determination to cut a brave figure before the world, have naturally awakened interest in the facts of her internal situation. Most of the reports coming from the Italian capital concern Mussolini's plans for the Ethiopian campaign, the government's first important plunge into imperialism, but there are other reports that tell a less hopeful story. They indicate that Italy may not be as strong as she seems, and that the fascist régime is not meeting with unqualified success in its program to bring economic security to the Italian nation.

In fact, the belief is growing that Il Duce's enthusiasm for a foreign war may be a sign, not of strength, but of weakness. If that is true, it would not be the first time that colorful military adventure, with the promise of rich spoils, had been used to divert a people from pressing problems at home. War has often been encouraged for that purpose by a harassed government, as a smoke screen to conceal the gravity of its own situation. There are reasons to interpret the Ethiopian adventure as just such a smoke screen. For Mussolini's dictatorship, within the past weeks, has been facing some very serious problems. While Italy prepares to send a victorious army into Africa, amid parades and military enthusiasm, the rest of the world is trying to read between the lines of official dispatches to an understanding of Italy's present domestic picture.

#### Italy and Fascist Economy

Mussolini's problems are financial, and the most pressing of them is Italy's mounting national debt. The fascist experiment aimed at the rebuilding of the Italian nation into a prosperous country at home and an important power abroad. It has cost a staggering amount of money, and most of that money Italy has been forced to borrow, from its own citizens and from foreign investors. Every year the burden of debt has been greater, and every year the drain on Italy's resources, in taxation to pay the interest on the government's loans, has increased. At present Italy is approaching a danger point. To raise money for war expenditures, Mussolini has been forced to commandeer the national gold reserves. He has had to decree that the lira will no longer be redeemed in gold, and that the gold reserves will be used for payments to other countries. That marked a dramatic change in the government's financial policy, for Mussolini had sworn that the lira would always be backed up by gold, that Italy would defend the gold standard "by blood," if necessary, from all domestic or foreign attacks.

At the same time, Il Duce announced a new campaign for foreign funds, a new drive for large-scale borrowing to meet the government's expenses. Heretofore, Italy's

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THE CAPITOL, ROME

From an etching by Geoffrey Wedgwood in "Artist's Country." (Studio Publications, Inc.)

## Cooperation

It is sometimes said that the peoples of the world want peace, while the governments, especially the diplomats, drive the nations toward war. This statement is probably unfair. The peoples of the world do, indeed, want peace and so do their representatives, the diplomats. There are few persons, either in high position or in low, who desire war for its own sake, or who would enter into it wantonly. The trouble is that the diplomats, and the common people as well, are too often unwilling to pay the price of peace. The price is cooperation for the common good of all. It involves, sometimes, sacrifices by individual nations. All cooperation does that. And seldom do we find the people of any nation willing to make a sacrifice in order that the common good among the nations may be advanced. If a debate is on as to whether some proposed action involving international relations should be adopted and if one side argues effectively that such action would contribute to the well-being of nearly all of the peoples of the world, and the other side argues effectively that the proposed action would involve a loss, however slight, to our own country, the debater taking this last position would in almost every case receive the greater hand and also the decision.

It is of course true, in international relations, as in private relations, that no nation and no individual is called upon to destroy his own opportunities merely that opportunities may come to others. It is a fact equally true, however, that our associated life is a matter of give and take. Each one must refrain from doing some things he would like to do in order that others may avoid inconvenience. He is obliged to do some things he would prefer not to do in order that others may be well served. In the long run each individual will profit by that kind of give and take, by that kind of associated effort. And so will nations profit by it. We live in a world where no man and no nation can stand alone. If a nation insists upon having its own way and upon gaining some small advantage in trade, it may throw discord among the governments. War may eventually result and that may mean something like the end of civilization for all of us. The individual who insists upon having everything that he wants eventually becomes an outcast. Those who are willing to share, to give up now and then, to think of the common good as well as their own good, will enjoy the favor of their associates. They will share generously in the good things of life and they will have the satisfaction of having contributed to the well-being of others.

## Campaign Prepared by Political Parties

**Republicans Encouraged by Recent Victory in Rhode Island Congressional Election**

### HOOVER BLAST STIRS COMMENT

**President Not Likely to Reply to Challenge Before Adjournment of Congress**

The political pot is beginning to boil a little early this year. Fifteen months before the 1936 election presidential politics is coming to the forefront of public attention. The election of a member of the House of Representatives from a Rhode Island district to fill a vacancy, former President Hoover's challenge to President Roosevelt to state his position on constitutional change, the dispute as to whether an election to fill an Ohio vacancy to the House of Representatives shall be called—these developments, together with the poll of Republican county leaders (described elsewhere in THE AMERICAN OBSERVER this week) have given national politics a place in the August headlines along with the debates and deadlocks in Congress and the efforts to get the WPA program into operation.

#### Rhode Island Election

The Rhode Island results apparently were a surprise both to Republicans and Democrats. It seems not to have been anticipated that the outcome would be particularly decisive one way or the other. Hence the national leaders gave little attention in advance to the election. President Roosevelt was probably telling the truth when he said in press conference that he had not known there was to be an election until he saw it in the papers election day. There is nothing unusual, however, about the fact that the President made no comment on the Rhode Island results. He never comments on election returns. Last November, when the Democratic party won such an unexpectedly smashing victory throughout the nation, the President appeared at the press conference the next morning to be thinking nothing at all about it. He talked busily of other things and refused to comment on the election. His attitude was the same last Wednesday when he was asked what he had to say about Rhode Island.

It is natural that the sweeping Republican victory in the Rhode Island district should give hope to the Republicans. Despite all the explanations the Democrats may make, it does show that in this particular industrial district there has been a violent reversal of sentiment since last fall. A thoughtful analysis of the situation, however, will give Republicans, and especially western Republicans, some reason for concern. There are elements in it which might be disquieting to Republicans of the agricultural states.

The issue in Rhode Island was fought out largely on the AAA processing tax. The principal Rhode Island industry is textile manufacturing. The textile manufacturers are in a bad state, and a large proportion of the workers are unemployed. Not only does the New England textile industry have to face the depression as every other industry

(Concluded on page 6, column 1)





**T**HE Works Progress Administration was instituted to take workers off the relief rolls and give them government jobs, in which they could earn their share of the \$4,880,000,000 work-relief appropriation and avoid the demoralizing effects of the "dole." New York City was chosen as the model WPA unit; President Roosevelt appointed General Hugh S. Johnson, former administrator of the NRA, to head the New York projects. But General Johnson has run into difficulties with the labor unions, and the model unit has been in the throes of a serious strike that promises to strain relations between the government and organized labor. Over a thousand workers, despite the government threat that it was WPA or nothing, have walked out on their jobs, and the unions promise that the New York strike is only the prelude to nationwide strikes against the wage scales of the WPA.

The unions want the WPA to pay the "prevailing wage"; if it hires bricklayers for government housing projects, it must pay the standard union rate of \$1.50 an hour. The government, on the other hand, wants to keep WPA wages low enough so that workers will readily be drawn back into private industry, where the administration thinks they belong. While work relief was being administered by the PWA, the government compromised with the unions. They agreed to pay the prevailing hourly rate; while limiting skilled workmen to a monthly pay check of \$60. Thus bricklayers could work for \$1.50 an hour, but for only 40 hours a month.

This compromise was not carried over to the WPA. The government set a higher monthly rate, \$93.50 for New York, but insisted that the workers put in 120 hours a month, bringing the hourly rate down to 77.9 cents. The unions have opposed this from the beginning. They believe that it will tend to drive down the \$1.50 hourly rate in private industry, for if bricklayers work for the government at 77.9 cents an hour it is claimed they will find it very difficult to ask \$1.50 from private employers.

General Johnson was asked to change the WPA ruling, and when he refused the unions called a strike. Unsuccessfully, the general appealed to the strikers, warning them that anyone who refused to work on the WPA ceased to be a public responsibility and could not return to the regular relief rolls, for if this were permitted the government would be financing a strike against itself. Harry Hopkins, head of the WPA, laid down administration policy in this way: "No one has to work who does not want to. Those declining to work will go off our rolls and what happens to them after that is not our business but the concern of their own states. It will be for the officials of their own communities, state, county, or city, to determine what, if any, relief they receive thereafter from local funds. They will receive none from the federal government."

William Green, president of the American Federation of Labor, replied by pointing out that organized labor had always demanded the "prevailing wage," and that trouble was inevitable unless the government met this demand. The WPA amendment rejecting the prevailing wage must go, he declared. "Now they can see the mistake. There is nothing we can do about it. The law is passed and there it is."

### More National Income

The United States made 11% more money in 1934 than in 1933, and more of it went to labor, according to Robert R. Nathan, chief of the Bureau of Economic Research of the Department of Commerce, who has just issued a detailed survey of our national income.

Our earnings for the year 1934 were given as \$49,440,000,000, a substantial increase over the 1933 total of \$44,331,000,000. Whether recovery has begun can be decided on the basis of estimates for previous years, \$47,964,000,000 for 1932, \$61,433,000,000 for 1931, \$72,973,000,000 for 1930, and \$78,576,000,000 for the peak year 1929.

Labor (which includes wages, salaries, and the government's work-relief payments) received 67.5 per cent of the nation's income in 1934. In 1929 labor's share amounted to 65 per cent. Mr. Nathan himself stressed another part of his findings, the marked decline in business losses since

1932. American business men lost \$10,000,000,000 in 1932, but last year their deficits were less than \$2,500,000,000.

The American standard of living has suffered under the assaults of the depression, as another set of figures in Mr. Nathan's report showed. The standard of living, or "real wages," is determined by the relation



WPA WORKERS IN NEW YORK

Waiting for their weekly pay checks while union heads debate the strike in protest of government wage scales.

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of wages to prices. Since 1929, income from wages and salaries has been reduced over 43 per cent, while retail prices have gone down only 23 per cent.

### Osage Indians Richer

Prosperity is returning to the Osage Indians, whose Oklahoma oil property is paying better than at any time since the beginning of the depression. This year each

prepared to submit its tax bill for action by the Senate. It drew up a bill which differed in every important respect from the measure which was passed by the House of Representatives and from the recommendations of the President in his tax message of June 19. The principal feature of the Finance Committee's bill was a general broadening of the tax base. According to its proposal, nearly a million new taxpayers would have been added to the government's rolls; the exemption on incomes would have been lowered so that all single persons earning more than \$300 a year would have been subject to the federal income tax, as well as all married persons with an annual income of \$2,000 or more. The conservatives

spent for machinery, rather than for building operations. Mr. Sloan explained that the production capacity of General Motors plants will be substantially increased. He said that it is now inadequate to meet the current demand. The expansion plan will serve another purpose, that of decentralizing the corporation's productive machinery, so that a strike at one point will not interfere seriously with general manufacturing operations. Mr. Sloan mentioned the 1934 strike at Toledo, which cut down the output and profits of General Motors by blocking its supply of glass. With the new plant set up, strikes in one General Motors unit can be counteracted by speeding up production in similar units elsewhere.

### Mining in the Ozarks

A dramatic light was cast on living conditions in the Ozark mountain mining communities when 2,600 "tiff" miners went on their first strike. These miners, who work less than 75 miles from St. Louis, live in isolation, digging by hand for the barium sulphate, or "tiff," which is used in the manufacture of paint and paper. Their strike disclosed that the average Ozark "tiff" mining family has an income of \$3 a week. For digging a ton of barium sulphate the miner has received \$3.50, and with no machinery he has usually been able to mine less than one ton a week. Now the miners are asking for \$5.50 a ton, which would bring their weekly earnings up to \$5. Almost all the miners' families are on federal and state relief, with a maximum of \$8 a week per family. The Ozark miners were known to have been living in extreme poverty, but their actual wages and living conditions had not been widely realized until now, and are attracting considerable attention throughout the country.

## THOUGHTS AND SMILES

We hereby put an idea into Secretary Hull's head. Tell Mussolini that if he will call off the war with Ethiopia, he can have the Virgin Islands.  
—The New Yorker

Any idea a college professor has about money is bound to be theoretical.  
—Grand Rapids Press

The tax program has been hit by foes of both the Right and the Left. That's what it deserves—the well-known one-two punch.  
—Indianapolis Star

The borrower is servant to the lender.  
—Old Testament

Maybe you don't worry about such things, but we were wondering just how dark an Ethiopian war cloud is.  
—Mobile Register

There won't be much left of that \$4,880,000,000 work relief fund, if Congress should decide to charge the government overtime.  
—San Diego Union

For words are wise men's counters—they do but reckon by them; but they are the money of fools.  
—Thomas Hobbes

Set a beggar on horseback and he will ride a gallop.  
—Richard Burton

Scientists think the earth looks blue to the Martians. That's nothing—it looks blue to us, too.  
—Wichita Eagle

An optimist is a man who claims to be losing money slower than he ever did before.  
—Springfield Union

A statesman is a politician who has retired.  
—Grand Rapids Press

A rose is sweeter in the bud than full blown.  
—Edmund Spenser

An honor system has been put into effect in a boys' reformatory. This will make the boys feel stranger than ever when they mix with the outside world again.  
—Rochester Democrat and Chronicle

Berlin is stunned by the world's denunciation of its press censorship, which permits weather reports, recipes for left-overs, and outspoken castigation of the wild flower vandal.  
—Atlanta Constitution

It is easy to keep from being a bore. Just praise the person to whom you are talking.  
—Birmingham News

The ultimate result of shielding men from the effects of folly is to fill the world with fools.  
—Herbert Spencer



PHILADELPHIANS PROTEST WAR

Carrying banners and signs and grotesque figures of Hitler, Mussolini and Huey Long, the demonstrators implore spectators to raise their voices against war and fascism.

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member of the tribe will collect \$1,930 for his rights in the oil fields, and Oklahoma news dispatches indicate that the Indians are once more buying automobiles and giving every sign of affluence. In 1932, the oil rights declined to \$585, and the Osage reservation presented a dreary picture, with automobiles being taken back by Tulsa dealers and mortgages on the Osage "mansions" foreclosed. Since 1901, when the Osages received the first payments on their oil fields, they have collected \$247,857,000.

### The Senate and Taxes

A combination of conservatives and progressives of the Senate Finance Committee nearly upset President Roosevelt on his taxation program last week as the committee

Follette, progressive of Wisconsin. As the bill reached the floor of the Senate it was substantially the same as the measure which passed the House. Instead of a bill which would have raised about \$450,000,000 a year, it introduced one which would yield approximately \$250,000,000 annually, the same amount as the House bill. Large incomes, however, would be taxed more heavily than at present.

### General Motors Expands

A \$50,000,000 expansion program has just been announced by General Motors, leaders in the automobile industry, as a response to improved business conditions. Most of the money, according to Alfred P. Sloan, president of the corporation, will be



# AROUND THE WORLD

(In presenting a brief sketch of the important happenings abroad, THE AMERICAN OBSERVER will not try to include all the background. Students wishing to understand completely the reasons behind the news, should refer back to what has been written in the preceding issues on this page. In this way, they should be able to see, as one continuous unbroken line, the affairs of the world.)

**France:** Cries of "Hang Laval" echoed through the arsenals at Toulon, Brest, Cherbourg, and Lorient as workers, obviously inspired by agitators, rioted in protest against the premier's deflationary decrees. Over five were killed and 200 wounded before the participants, told that such disorder might pave the way for a Fascist uprising, returned to their jobs repentant. Meanwhile Laval gave instructions to all the prefects (heads of the departments) for the carrying out of his decrees, and President Lebrun, in one of his infrequent public utterances, called on the nation for "calm, order, harmony and confidence."

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**Danzig:** The customs disagreement between this city and Poland was settled amicably when Danzig canceled the decree permitting German goods to enter the free city (Nazi-controlled) without payment of duty. This settlement, it is thought likely, will relieve the tension between Poland and Germany which has arisen since the death of Marshal Pilsudski.

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**Italy:** The Italo-Ethiopian crisis was without startling developments. Mussolini looked forward to the Anglo-Italo-Franco negotiations in Paris without any enthusiasm, convinced that his viewpoint could not be reconciled with those of the other two countries. Meanwhile more troops were being poured into Africa, and Haile Selassie, pledging never to permit loss of Ethiopian territory or sovereignty, sought to buy badly needed munitions in Japan.

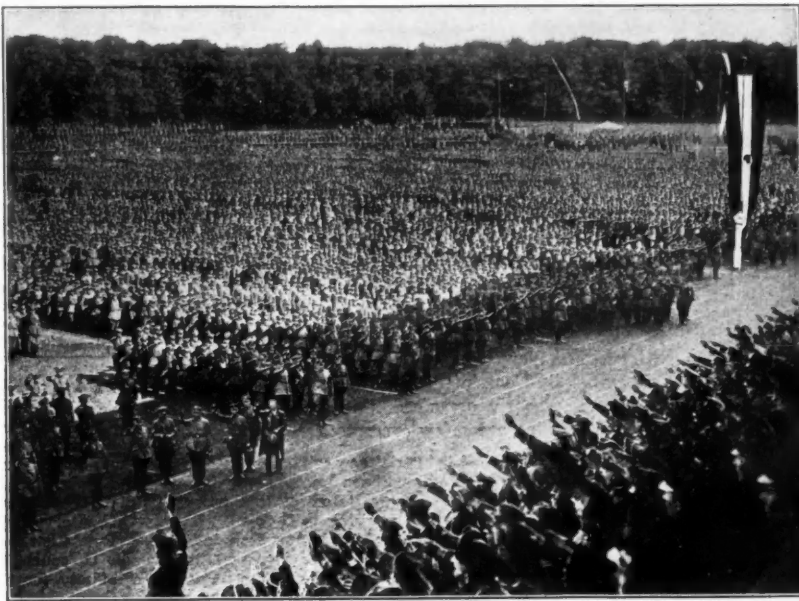
That "Mussolini will triumph, whatever happens," is the frank opinion of Raymond Gram Swing who reviews the present situation in *Today*. Other powers cannot make a strong protest, he points out, because Europe herself is reaching a crisis. England and France are too fearful that if Italy were pressed, she would leave the League and might form an understanding with Japan and Germany.

Another opinion is registered by David



NOT WHAT HE ORDERED

—Elderman in Washington Post



THE STEEL HELMETS SALUTE HITLER

This was in the early days of the Hitler régime. And now the famous Stahlhelm organization of war veterans appears doomed to complete dissolution.

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Darrah, Chicago *Tribune* correspondent who was recently expelled from Italy for his frank reports. He told reporters upon his return that the Italian people, as a whole, are opposed to war, and that only their fear prevents them from voicing their general dissatisfaction.

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**Germany:** The final death sentence for the Stahlhelm (veterans' organization corresponding to the American Legion) appears near in spite of the pleas of Franz Seldte, minister of labor and head of the group. Conservative in makeup, the Stahlhelm has always been opposed to the extremist measures such as the anti-Jewish campaign. Now branded as "enemies of the state," they have been officially dissolved in almost every province, and their property confiscated. Only a few units remain, and their fate hangs in the balance.

That the number of German unemployed has shrunk 1,754,000 was a startling piece of news released last week. Most of this number have been given jobs through Germany's rearming program; others have been swallowed up in the compulsory labor service and army duty. Regardless of this gain, less optimistic observers point to the fast-rising deficit. Industry, subject to huge levies on profits and wages, is too scared to invest the money it does possess. Prices are rising; butter, eggs, and fruit are becoming scarce; and the earnings per person are continuing to decrease. The protest against these conditions, according to all reports, is growing more audible each day.

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**India:** Last week there came to a 47-year-old Scotchman the news that he will soon be virtual ruler over 350,000,000 people. That man was the Marquess of Linlithgow, and when he takes office early in April as viceroy and governor-general of India, his will be the difficult task of putting into effect the new Indian constitution, which comes into force as soon as half the Indian princes have ratified it.

Though British and Indians alike seem to have the fullest confidence in the new administrator, they have much less faith in the

new federal system. It is the result of seven years of reports, conferences, and debate, yet no one is completely satisfied. Indian nationalists, headed by Mahatma Gandhi, have long demanded dominion status, in other words, to be as free from Great Britain as Canada or Australia. The British, on the other hand, pointing to the great racial prejudices and economic disorder, have doubted India's ability to keep the peace. The constitution is a compromise, therefore, trying to give the people enough self-government so that they can develop democracy, and yet keeping the final authority in the hands of the viceroy.

In the first place, it unifies the country. The princes, who up to now have ruled 600 provinces with a population of over 80,000,000, have signified their dislike to bring their states under the control of the constitution, but their final assent to the document is taken for granted. They will still retain the bulk of the power in their hands, but taxation matters and regulation of interstate commerce rest with the British. In addition, the viceroy is still in charge of all foreign affairs, questions of credit and national defense; he still possesses the veto power over any act passed by the federal assembly (parliament). Thus the viceroy holds the whip-hand over the entire territory.

Secondly, the right to vote, previously limited to only 2.5 per cent of the total population, is now given to 14 per cent, mostly to persons owning property. Thirdly, the provincial legislatures, 11 in number, are given considerably more power in dealing with local affairs. Nothing in the constitution, however, touches upon what is, after all, perhaps India's most fundamental problem—poverty. Wages are still incredibly low; working conditions for men are terrible, and for women and children, still worse. Disease has not yet been effectively checked. According to Harold J. Laski, noted political and economic writer, "the Indian outlook is gloomy indeed." However, the problem is most complex, for there are 45 different races speaking 140 different languages, and over 2,500 castes and tribes, each with their own traditions and customs which are iron-clad. The British, it would seem, are only too willing to grant Indian dominion status when she feels reasonably sure that the country is sufficiently unified to avoid continual disorder between sects, and sufficiently educated to take care of the economic life of the people. This, even the optimists ad-

mit, cannot be done in a day, even with the coöperation of the native population.

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**Mexico:** One of the most picturesque dictators in the world made an unobtrusive exit last week. He was Tomas Garrido y Canabal who for 15 years had held absolute sway over the 200,000 citizens who inhabit the state of Tabasco in Mexico.

Called the Huey Long of Mexico, Garrido was an even more radical opponent of the church than the present government, and an ardent prohibitionist as well. He recently boasted that "not a saloon or a church remains open in Tabasco." The people were made to believe that the right to work was a privilege; to help them obtain goods at lower prices, he set up co-operative movements, doing away with the middleman and allowing the consumer to purchase directly from the producer. In every dispute between industry and government, he was the supreme arbiter.

But his methods, involving the murdering of many opponents, finally caught up with him. Public indignation became so great that President Cardenas was forced to declare the state government non-existent; the only course left open to Garrido was departure.

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**Cuba:** Long lists of signatures, attached to one petition after the other, have plagued Congress and the President constantly since the beginning of the New Deal. Last week the President had on his desk another formidable list of names, but these demanded no action, asked for no reforms. It was a testimonial from 300,000 Cubans, thanking him for the benefits received from the Reciprocity Treaty and the Jones-Costigan

Sugar Act, and as such bore out his own previous statement that Cuba's economic recovery had been swifter than almost any other section of the world.

Furthermore, there are figures to lend weight to this contention—figures which not only reflect Cuba's past history, but which point at least



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CARLOS  
MENDIETA

a possible path for the future.

Cuban Exports to U. S.

1920-29 \$216,429,801 (annual average)

1930-33 \$41,472,630 (annual average)

1933 \$29,031,100

Sept., 1934—\$60,000,000\*

March, 1935

Cuban Imports from U. S.

1920-29 \$199,431,000 (annual average)

1930-33 \$47,991,000 (annual average)

1933 \$22,674,000

Sept., 1934—\$32,000,000\*

(\*The first figure represents an increase of \$15,000,000 over the same seven months of the preceding year; the second figure an increase of \$24,000,000.)

During the War, when sugar beet fields in Europe were occupied, Cuba increased her crop at great financial gain. After the War, the Philippines, Puerto Rico, and the western states began to compete furiously. The depression, and then the Hawley-Smoot Tariff in 1930 adding additional duty, broke Cuba's back. Finally the Costigan-Jones Sugar Act, which permitted the fixing of a quota on Cuban sugar, and the Trade Treaty, lowering the tariff, were passed. One can see from the figures, the beneficial results, not only for Cuba, but for the United States as well.

Now that her economic condition is improving, one might expect the same of her political affairs, but at present, she is under the firm hold of dictatorship. Though Carlos Mendieta is president, Colonel Fulgencio Batista, with the army solidly behind him, is the actual ruler of the country.



# Public Opinion in the Making

## Darts at Hoover

When ex-President Hoover recently demanded of his successor that he outline the changes he wants made in the Constitution, the political and editorial pages were filled with comment, some ridiculing the idea, others praising it, but almost all agreeing that it was a smart political move on the part of Mr. Hoover. Following are two differing comments, the first from the New York *Herald-Tribune*, the second from the Baltimore *Sun*:

The danger to this country lies not in an avowed attempt of the President to change the Constitution but rather in the continuation of his procedure of undermining it unobtrusively and quietly. The major charge of Mr. Hoover is well founded—that the administration is working to bring about a fundamental alteration in the structure and balance of powers of our government.

But Mr. Hoover's efforts at this juncture to nail the chief New Dealer to these plain consequences of his acts suffers under one obvious drawback. Republicans do not know their man if they believe that Mr. Roosevelt will hesitate to change his course as soon as he senses that it is unpopular. Let Mr. Roosevelt but once realize the full force of popular dynamite with which the constitutional issue is loaded, and the Republican leaders may expect to awake the next morning to find F. D. R. himself carrying the banner of constitutional purity, while Messrs. Farley, Tugwell and Frankfurter beat the drums and shrill the fies of strict construction as earnestly as if they meant it.

There is no good reason why the President should drop the affairs of state in the midst of an important congressional session to engage in a political debate with the titular leader of the opposition party. Moreover, there is not the slightest danger that the administration will "put something over" on the country in the way of constitutional change. Any proposed amendment to the basic law would first have to be thoroughly thrashed out in Congress and then favorably acted upon by at least three-fourths of the state legislatures.

Mr. Hoover's declaration was directed as much to the next platform as to the White House. . . . It might be said, indeed, that in this statement Mr. Hoover all but formally announced that he is a candidate for renomination for the presidency.

## The King of England

André Siegfried, the author of that penetrating survey of our customs, "America Comes of Age," has set down a few interesting comments on the apparent paradox of the British system of government. The British, he points out in the Magazine section of the New York *Herald-Tribune* (August 11) live in a monarchy, and yet today are almost the only people who fear no dictatorship or no loss of liberty. A few highlights follow:

The recent King's Jubilee made a great impression in England as well as in the whole world. At a time when thrones everywhere are shaky or are being overthrown, and when people who have been led into chaos or revolution seem to have become slaves to a new nationalism, it is interesting to note that England at least is a country where everyone gathers about the crown, the symbol of unity.

Yet, while they fervently support the monarchy, the English do not forego liberty. There is no doubt that they are the only people in the world who preserve the conviction that the parliamentary system is good and that a dictatorship is not necessary to solve the great problems of the hour.

You often hear it said that the king of England is simply a crowned president of a republic, that England is a democracy; this is not true. In the minds of his subjects and without a doubt in his own, George V is a king, by divine right. As a result of a long involuntary evolution his powers have finally been reduced to merely a semblance of power, while the real authority has passed to the cabinet, which is dependent



CUTTING THEMSELVES ADRIPT  
—Carmack in CHRISTIAN SCIENCE MONITOR

on parliament and public opinion. But the idea that the king exists as the result of popular will—the democratic ideal—is not the British way of thinking at all.

I am sure the same thing could not have happened in France in the same way. In the violent love that the English people have for their sovereign there is a certain naïveté which exceeds anything we French ever showed.

We have a sort of critical intelligence which I fear would prevent us from ever having the naïve admiration that our neighbors have for the king. From a pragmatic point of view we cannot but envy such a perfect success. When we reflect from the angle of critical intelligence, we do not any longer understand it all very well. Great principles of democracy seize our imaginations again. But the English will observe that we are very wrong to try and understand them.

## Sweden's Cooperatives

The war which the Swedish people have made against the trusts since 1919 and how they have succeeded, through the formation of coöperative retail societies, is the subject of an article in the current issue of *Forum*, entitled "The New Deal Ahead—The Future of Consumer Coöperation." Here in the United States, where consumers are very poorly organized, this article should strike home. Following are a few excerpts:

The Swedish system of industrial control, as opposed to the German cartel system, which, perhaps unconsciously, became the basis of NIRA, is based on the statement that prosperity comes on a falling rather than a rising price level. This is the exact opposite of the prevailing idea in American industry. But it becomes clear when we see that this argument has always been based on the profit motive as the end to be sought, rather than the real end, which is the increase of consumption. Profits come when the distributor buys and sells on a rising market. But in this fact is laid bare the basic falsity of the whole contention. Prices can rise just so far; then there is a total and complete collapse of buying power. Following the collapse comes the inevitable period of depression, of unemployment and misery; that lasts until rising prices once more give the illusion of prosperity. That illusion lasts only so long as the rise lasts, until prices have climbed to the inevitable brink of the precipice.

The Swedish example proves that there is only one way to attain real prosperity. Through coöperative control of distribution there is an elimination of profits, a reduction of waste, and a consequent falling away of production costs. Greater volume of real purchasing follows. The consumer gets more for his dollar without any reduction in wages, his own purchasing power.

Through coöperation the consumers take over the control of industry. By voluntary action they control distribution. With distribution controlled, the step toward control of production is easy. It has already been taken in Sweden with the result that the Swedish consumer's dollar supports his own system, a system that operates to cut the waste of excessive and duplicated profits and all the waste of intermediate charges.

## A Lesson for Americans

The anti-Nazi demonstrations which have recently taken place in this country and have caused considerable ill feeling in Germany come in for a blast of scorn from Westbrook Pegler, alert columnist. Writing in the New York *World-Telegram*, he says in part:

There is no other nation on earth more given to the formation of leagues, societies, foundations and institutes than the United States. Yet in the entire roster of these American bunts it would be impossible to find one with the sole purpose of minding our business and permitting other nations to mind theirs.

It is doubtful that the Nazis in their concentration camps can have out-awfulled the atrocities which occurred in the turpentine camps of Florida and on the peon farms in Georgia a few years ago or the cases of the Negro prisoners in one or the other of the Carolinas last winter. The Negroes, it may be recalled, were locked up in a bare shack in cold weather, frozen, lost their feet, and were finally held to blame on the grounds that they had wrapped their legs in spiral puttees which stopped their circulation.

There is much home-work to be done before the United States will be qualified to act as critic-in-chief of the world in general, but the mother-in-law instinct is strong and a country which has done none too good a job of raising her own brats cannot refrain from her friendly duty of reporting the neighbors' kids for tin-canning the dog, or smoking cubebs out behind the barn.

## Communists and a "Third Party"

Cries for the formation of a "third party" in the United States have caused considerable interest and speculation. Just before the recent Communist Congress in Moscow, William Z. Foster, once Communist candidate for President, wrote a stirring appeal for such a party to bind together dissatisfied workers and farmers, whether members of the Communist party or not. The *Christian Science Monitor* is exceedingly dubious whether such a party will ever make its entrance on the political stage:

An interesting speculation with regard to a Communist-inspired political party in America is whether it would really be a third party or whether it would not instead end up about sixth or seventh, or possibly ninth. The outlook for 1936 appears now to promise a greater number of "third parties" with few members in any of them. The swing is toward conservatism rather than radicalism.

The Progressives and Farmer-Laborites have representation in Congress, and the Socialist party under Norman Thomas is the recognized third party on the ballots in some states. These



STUDY IN EXPRESSIONS

—Herblock in Winfield DAILY COURIER

with the Democratic and Republican parties, make a total of five, and in addition, there are guesses as to whether a new party or parties will emerge from the personal following of Senator Huey Long, the Townsend plan movement or the Rev. Charles E. Coughlin's National Union for Social Justice.

Of course, if all these could get together or had as close an affinity for each other as some neo-Fascists seem to suppose, they might muster a formidable third party. But often as the idea is proposed it never seems quite to jell. There are too many dissident elements for any political cement to hold together and too many leaders to follow one leader.

Mr. Foster, to get back to the Reds, was realistic enough to admit that it would be a mistake to try to organize a "workers' front" under Communist control, but thought that the Communists, "if they act energetically," would acquire a leading influence in it. If our judgment of American sentiment is correct, however, whatever popularity any workers' or third party movement may attain in the United States is going to be in inverse ratio to any influence it permits Communists to have in its organization.

## Vandenberg Attacks

Senator Arthur H. Vandenberg of Michigan, prominently mentioned in the last few months as a candidate for the Republican nomination for President, has been a continual foe of governmental expenditures in the New Deal. In the August issue of *Review of Reviews*, he continues this attack with a few hard words about the tax program:

Our spending spree continues at breakneck speed. We charge the bills to posterity. We pillage our grandchildren. We still spend two dollars for every dollar we take in. It is only a question of time when such a crazy process ends like the career of any other wastrel.

In the face of such arithmetic, there are but two possible results. Either we go to deliberate monetary inflation to cheat our debts and debtors—and, simultaneously, we ruin ourselves as all other people, similarly tainted, have ruined themselves; or we balance the budget, pay as we go, and restabilize the public credit by heavily increased taxation.

We cannot escape the need for new taxes. The need is already here. Paying out has been a happy holiday. Paying back is something else. To the extent he asserts the need for revenue, the President is right. But his own proposals thus far are inadequate, incomplete and pathetically superficial. They strain at a gnat and swallow the camel. To this extent the President is wrong.

The total income of all the multimillionaires thus marked for slaughter would not pay the President's bills for sixty days. Furthermore, such a program cannot possibly satisfy our real "wealth redistributors" whom the President apparently hopes to placate. It is not a tax program. It is not even a good soap-box formula.

The formula contains no suggestion of convalescent economy. It does not even flirt with a balanced budget. There is no longer even the familiar promise—often made, always broken—that we are in sight of a purpose to begin living within our means. There continues to be total amnesia in respect to the President's own solemn warning of two years ago: "Most liberal governments are wrecked on the rocks of loose fiscal policy."

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## Among the New Books

"Albert and the Belgians: Portrait of a King," by Charles d'Ydewalle. (New York: Morrow. \$3).

Although this delightfully informal biography of the late Belgian ruler is intended to bring to the fore the elements of Albert's personality which made him something of an enigma, it is also a commentary on the Belgium of the war and post-war periods. Page after page is devoted to those trying months of the German occupation, to the difficulties of the people, and to the role of the monarch at the front.

The most dramatic sections of this book deal, quite naturally, with the events which led to the World War. There is, for example, the account of Albert's visit to Berlin in 1913 when he met the kaiser. Then,



ALBERT OF THE BELGIANS  
Illustration from "Albert and the Belgians."

for the first time, the king realized what was afoot in European politics, and came to the conclusion that it would be impossible to effect a reconciliation with the Germans. Despite the premonition, the German ultimatum came as a dreadful blow to the Belgian government and people that sweltering Sunday in August, 1914.

The manner in which Albert met his death was symbolic of his entire life, for by nature he was a recluse. When he went mountain climbing with his valet February 17, 1934, and told his companion to meet him a few hours later it was typical of his frequent desire to be alone. But he was never again seen alive. Shortly after midnight his body was found by a member of the searching party. From the book, Albert emerges as a kindly person, interested above all in the welfare of his subjects, though not a particularly strong or outstanding political figure.

"Ladies Whose Bright Eyes," by Ford Madox Ford. (Philadelphia: J. B. Lippincott. \$2.50).

What happens when William Sorrell, a middle-aged and successful London publisher, finds that a railway accident has thrown him back into the middle of the fourteenth century? This is the theme of Ford Madox Ford's delightful novel, and it is handled with such skill and imagination that "Ladies Whose Bright Eyes" is completely successful.

Mr. Sorrell hopes that he can lead the fourteenth-century Englishmen, among whom he finds himself, through the path of history to the present time. But he does not know the necessary things. He is so accustomed to riding in railways and airplanes, having skyscrapers and subways built before his unseeing eyes, that he is helpless when confronted with the task of explaining them. But Mr. Ford has not succumbed to the temptation of moralizing on the futility of modern man; his touch is lighter, his command of incident and atmosphere too masterly for a heavy tract. There is humor in "Ladies Whose Bright Eyes," but there is far more, and Mr. Sorrell's situation is refreshingly free from the burlesque into which it might have fallen in other hands. If only as a true and sympathetic picture of medieval England, Mr. Ford's novel is worth reading.

"The Spanish Conquistadores," by F. A. Kirkpatrick. (New York: Macmillan. \$5).

This volume is the latest addition to the Pioneer Histories series the purpose of which is to cover the great migrations of Europeans to the unexplored continents of the world. Expert historians have been selected to write the various volumes, and, although their scholarship is of the highest order, their style is clear and popular. The entire series is an important contribution to historical literature.

In the latest volume, Mr. Kirkpatrick maintains the high standards of his predecessors. Not only does he deal amply with the better known of the Spanish conquistadores, but he devotes considerable space to those who contributed less spectacularly but none the less mightily to the building of Spain's giant empire in this hemisphere. Although each of the explorers and conquistadores is treated as a separate unit, there is a unity of direction which Mr. Kirkpatrick emphasizes in his book. We recommend "The Spanish Conquistadores," along with the other volumes in the series, as valuable additions to private or public libraries.

### Italians Face Grave Economic Problems

(Continued from page 1, column 1)

credit has been relatively sound. The dictator has been able to borrow money in Europe and in the United States, by the same pledges on national income and taxation that all governments give when they enter the world market for loans. But this time, with a military campaign making large demands on the Italian budget, Mussolini had to offer a new kind of security. He is willing to pledge the foreign bonds and investments held by Italian citizens. Any loans which he makes in the United States will be backed up by American bonds owned by Italians. This device seemed, to most financial observers, an indication that the dictator's credit is beginning to weaken. What would happen if Italy, after 15 years of foreign borrowing, came to the point where she could borrow no longer? Even if the dictator is able to avoid such a crisis at this point, to keep up the value of the lira and to negotiate further loans, what are the long-run implications of the fascist program to rebuild Italy's power by means of a steady, year-after-year, drain on Italy's foreign credit?

Italy has to feed and clothe a population of 43,000,000, which has been steadily increasing without any corresponding increase



© Ewing Galloway

MUSSOLINI'S BLACKSHIRTS PARADE IN ROME

in her natural resources. The fascists have encouraged this growth of population, because it was to serve as the basis of Italian international strength. Mussolini has taxed bachelors, awarded prizes for large families, given subsidies to newly married couples, striven in every possible way to build Italy's man strength to the necessary level. At the same time, his program has been assisted by the decline in Italian emigration to other countries, owing to the barriers which most nations have set up against incoming aliens. Italian emigration to the United States, which once accounted for hundreds of thousands of Italians every year, has been cut down by our national immigration quotas to a fraction of its former importance. France, and other continental countries which used to absorb Italy's surplus workmen, have deported large numbers of them, and sent them back to find a place on Italy's crowded soil.

#### Italy's Resources

As a result of these combined tendencies, Italy in 1935 has 340 persons to the square mile, as compared with less than 40 to the square mile in the United States. This growing population has subjected Italy's resources to a growing pressure. Almost one third of Italy's mountainous soil cannot be cultivated, and the remaining two thirds is insufficient for her own needs. At present, one of every three Italians over 10 years old is engaged in tilling the soil—and yet they do not raise enough to feed themselves. They have been forced to import wheat, flour, cornmeal, barley, sugar, beef, and fish. Mussolini's government has made spectacular attempts to meet this problem, by draining marshes and throwing additional acres into cultivation. In some directions the pressure has been eased. But Italy still produces less agricultural goods than she consumes—and the balance has to be bought in foreign countries.

The need for agricultural imports, of

course, is characteristic of all densely populated countries. England imports a great part of her food. Germany is not agriculturally self-sufficient. But these countries can pay for their imports of food by exporting other products, steel, machinery, textiles, or industrial raw materials such as coal and iron. But here Italy confronts an even more discouraging picture. She is without every one of the raw materials for a prosperous native industry. The whole peninsula has no coal, no petroleum, little iron ore. These also must be imported. Of the raw materials now used in Italian industry, the country imports 99 per cent of its petroleum, 95 per cent of its coal, and 54 per cent of its ore.

Italy's principal export industry, the one in which most of her industrial population is engaged, is the textile industry. To develop it, the Italians have had to import machinery from France, England, and the United States, 99 per cent of the necessary raw cotton and 80 per cent of the wool. With foreign machinery and foreign raw materials, the Italian textile industry has grown into a position of importance. It has helped to pay the bills for Italian imports in other fields. Now, however, the textile industry itself is entering difficult days, largely because of the growth of Japanese competition. That is one of the chief sources of the present bad feeling between Italy and Japan. In Ethiopia, for instance, the Italians once controlled the cheap cotton textile market, but in the past two years they have been almost completely displaced by the Japanese. India was another important market. Now that is being divided between the British and the Japanese, and imports from Italy have greatly dwindled in value.

#### Foreign Trade

The result has been that Italy imports more than she exports, both in agriculture and in industry. In other words, the "balance of trade" is against her, and the deficit has to be made up by cash payments. This has served to increase the government's financial difficulties. Mussolini has had to resort extensively to taxation and government borrowing. Over a third of Italy's national income now goes directly into taxes. And the national debt has been growing on the average of four or five billion lire (\$225,000,000 to \$275,000,000) every year, until Italy owes, to foreigners and to her own citizens, over 110,000,000,000 lire (about \$6,000,000,000). Italy has bought more than she has sold, and borrowed the difference. Meanwhile, the burden of interest on this debt grows, and makes further borrowing necessary. The result is a vicious circle, with no end in sight.

The only hope for Italy, with its poverty in raw materials, for a place among the great industrial nations was to keep wages as low as possible. The fascists have done that, successfully. Of course it is difficult to estimate national wealth, or the actual earning power of the citizens of a modern country, but a rough calculation on a dollar basis was recently made by Professor G. W. Angell. In prosperous years, the per capita income of Italy's population has

(Concluded on page 7, column 3)



—By Burton Holmes from Ewing Galloway  
RURAL ITALY

Italian peasants are as poor as those of any European country.



# The Political Parties Look to 1936

(Concluded from page 1, column 4)

does, but it has to face regional competition—competition from the South. The southern mill owners pay lower wages by about 20 per cent than the New England textile mills pay. This gives the southern mills an advantage of perhaps five per cent in the total cost of production. Most of the other conditions are about as favorable to the South as to New England, and so this five per cent difference in cost of production due to wages is great enough to induce many of the mills to move their operations to the South, much to the injury of New England. The New Englanders, however, ascribe the troubles of their textile mills to other causes as well as the matter of wages. They think that the AAA processing tax is a factor in their downfall. It has raised the price of raw cotton somewhat and this has added to costs of cotton manufacturers. It is probably true that the increased cost of production of New England textiles as a result of higher raw material costs due to the AAA is but a fraction of one per cent. However that may be, it is a common thing in New England for the textile people to blame their troubles on the AAA.

## What About 1936?

The opponents of the AAA in Rhode Island voted against the administration candidate and that contributed greatly to the Republican victory. But what will happen in 1936? Suppose the Republicans refuse to condemn the AAA. It is possible that they will refuse to condemn it. The Grass Roots Republican convention at Springfield did not attack the AAA. If the Republican National Convention in 1936 tacitly approves the AAA it will be hard to work up the enthusiasm against the administration which was recently displayed in Rhode Island. If, on the other hand, the Republicans, in order to hold the kind of support they got last week in Rhode Island; in order, in other words, to hold the East, should condemn the AAA, they would stand a chance of losing the West—not only the prairie states, but Illinois and Iowa. It will be seen, therefore, that the political situation indicated by the Rhode Island election is quite complex.

Another big issue in Rhode Island was work relief. The Rhode Island voters turned down several of the administration's work-relief projects; that is, they decided that Rhode Island should not borrow money in order to obtain federal money for the projects. Whether the dissatisfaction with the work relief indicated by the Rhode

Island vote can be maintained for another year is problematical. These days are about the darkest one could imagine for the popularity of the works program. The money has been appropriated. The dangers of the spending program can be seen clearly, and yet there are no tangible results to



AT WORK

(From a mural by Thomas H. Benton in the New School for Social Research, New York.)

which the administration can point. Men have not yet been put to work in large numbers. It is to be anticipated, however, that hundreds of thousands, perhaps two or three millions, will be at work in a few weeks. It is quite conceivable that the works program may gain in popularity as employment under the program grows.

## Industry vs. Agriculture

One thing is clear. There is a sharp conflict of interest between the industrial and the agricultural sections of the country. Those who represent the industrial centers are going to fight hard against the AAA program. They are going to do it whether they are Democrats or Republicans. The agricultural sections are going to fight just as hard for the AAA or some equivalent of it. The issue is not going to be settled by the next election. If the Republican party dodges the issue, wins the support of both sections, and comes into power, it will immediately face the issue just as Roosevelt is now facing it. The conflict of interest will plague future administrations just as it has plagued the Coolidge, Hoover, and Roosevelt administrations. It seems reasonable to expect that Roosevelt will have the support of the farmers, for he is the first President who has sided with them against the industrialists and has given them what they have demanded. Under his administration, for the first time in many years, the government has inaugurated policies which have actually raised farm prices and put money in the farmer's pocket. The farmer's gain has come at the expense of consumers, just as the manufacturer's gains through protective tariffs have come out of consumers' pockets. But now that the Roosevelt administration has reversed the customary procedure and has given the farmer profits at the expense of industrial consumers, a sharp issue is raised. The Rhode Island election returns indicate that the industrial centers may retaliate.

Perhaps another test of the administration's popularity may be made in Ohio. Representative Charles V. Truax, congressman at large from the state of Ohio, died a few days ago. The normal procedure would be for the governor of the state to call a special election to choose

a successor. In fact, the law provides that such action be taken. The Republicans are demanding that Governor Martin L. Davey call the election, for, following their victory in Rhode Island, they are anxious to demonstrate their strength in the Middle West. The Democrats are not so anxious for a test of New Deal strength. If Ohio should go Republican it would be a very bad thing for the morale of the administration. Governor Davey, who is a Democrat, has not as yet called the election. He says that the expense of such a special election would be very great. The Republicans are talking about the possibility of forcing him to issue an election call. Thus the matter stands at this time.

## Hoover to the Fore

Meanwhile, former President Herbert Hoover has undertaken to assume leadership of the Republican party by making a spirited attack upon President Roosevelt. In a prepared statement which he issued in Chicago August 11, he

insisted that the President should make known his stand relative to changes in the Constitution. He pointed to the gravity of the constitutional issue which has been brought up. He flayed Mr. Roosevelt for having suggested that the Guffey coal bill be passed by Congress even though there were doubts as to its constitutionality. He more than intimated that the President is trying to maintain a dictatorial rule, and he declared that it is high time for this would-be "dictator" to make clear to the American people just exactly what he intends to do with the Constitution.

The President did not reply immediately to the challenge. His friends answered Mr. Hoover by saying that it is impossible at the present time to say just what changes should be made in the Constitution. The Supreme Court has not yet acted on all the constitutional cases which are before it. Cases affecting the AAA, the TVA, the Guffey coal bill, the Wagner labor disputes bill, and other administration measures, will probably be passed upon by the Supreme Court within the next few months. After the Court has acted upon these laws and has defined what the constitutional powers of Congress are, then, and not until then, can people who believe as President Roosevelt does say just what changes are necessary in the Constitution in order that Congress may enact legislation needed by the country. It would be foolish, say these friends of the President, to say just what changes should be made in the Constitution until the Court has given further indication as to what the Constitution is and as to what it now permits.

President Roosevelt plans to make a tour through the western part of the United States shortly after Congress adjourns. One purpose of his trip undoubtedly is that he may show himself to the people as an answer to the whispering campaign which has been carried on about him. It has, of course, been very generally whispered about that he is in failing health and that his mind is affected. His trip is intended as an answer to this gossip. It is generally believed that he will make this trip the occasion to deliver several political addresses.

## LONG READY FOR RACE

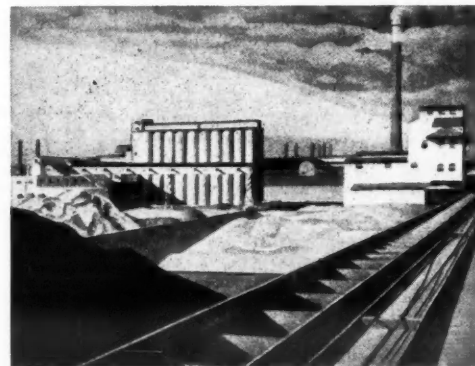
Huey Long, share-the-wealth leader and United States senator from Louisiana, told his colleagues in the Senate last week that he intends to run for President in

1936. At the same time Senator Long laid down his plan of action. Before the Democratic convention, he will enter primaries in every state where he thinks he has a chance, either to win or to split President Roosevelt's vote. Then, if the national convention refuses to seat the delegates pledged to his support, Senator Long is ready to walk out of the convention and to run as an independent candidate, trying to put his name on the ballot as the regular Democratic candidate, in as many states as possible by a series of civil lawsuits. And finally, he will have no scruples about trading votes with the Republicans, offering the Republicans support in the South in return for "share-our-wealth" congressmen in the North and West.

Asked about his reason for this wholesale disruption of the Democratic party, Senator Long replied that he had three aims, in the following order: first, to beat President Roosevelt; second, to put his wealth-sharing scheme into effect, cutting down large fortunes and dividing up the surplus among all American families; and third, to become President. He claimed that he would have no difficulty in financing an independent presidential campaign. The "Share-Our-Wealth" clubs, according to the senator, have 5,000,000 members throughout the country, and their leaders believe that they would be willing to help with a small individual assessment.

## A CHANCE FOR MOONEY?

Testifying that he had never seen Thomas J. Mooney before viewing him in a San Francisco jail after the bombing, John



FROM A PAINTING BY CHARLES SHEELER IN THE MUSEUM OF MODERN ART, NEW YORK

MacDonald, key witness for the state in the trial of the former, directly contradicted his former evidence. This testimony was made last week before a referee taking evidence for the California Supreme Court for consideration of Mooney's habeas corpus bid for freedom.

It was 19 years ago this November that a bomb exploded in the midst of a Preparedness parade in San Francisco, killing several and injuring many. Mooney and Warren J. Billings were sentenced to life imprisonment, but have never given up their fight for freedom. Because of evidence of which this is one example, that the witnesses for the state perjured themselves, the liberal press all over the country has supported Mooney's fight.

## PENSION CUT RESTORED

Justifying his move on the grounds that the Spanish-American War veterans were "approaching an advanced age, that their disabilities are increasing," the President last week signed a bill restoring to them \$45,500,000 in pensions, thereby all but wiping out all the savings made in the Economy Act of 1933.

The bill will return to the regular budget expenditures almost the entire remaining survival of the savings of the at least \$525,000,000 which were effected under the régime of Lewis W. Douglas, former director of the budget. This measure makes the average payment to veterans \$42 a month.



© Ewing Galloway

## THE FARM

Conflicting interests of industry and agriculture present one of the major problems of the New Deal.



## Republicans Canvass Presidential Field for Strong 1936 Candidate

Of the world's famous men, few are indifferent to the headlines they make. This few would include probably astral physicist Albert Einstein, certainly aviator Charles A. Lindbergh, but just as certainly would not include former President Herbert Hoover, who, like all who have held, now hold, or hope to hold public office, is keenly sensitive to the headlines he makes.

Last week former President Hoover, as he picked up the morning papers of August 12 in his Chicago hotel, could survey with satisfaction his name in the black head-



© H. &amp; E.

HERBERT HOOVER  
Was President and many think he would like to be again.

lines of page 1. In Chicago, as all over the nation, newspapers had played up his "challenge" to President Roosevelt, his demand that his successor "disclose his full purposes, . . . where he intends to go with . . . his dictatorial demands," and in particular "what changes the administration proposes . . . in the Constitution." News commentators hailed this as the former President's opening gun in an attempt to secure for himself a third Republican nomination, to avenge in 1936 the bitter humiliation of 1932's overwhelming Democratic victory.

But when former President Hoover, balancing his paper against the sugar bowl on the hotel breakfast table, glimpsed his name in still other black front-page headlines, his emotions must have been mixed, with chagrin a dominant note. For there, across the half-mangled grapefruit, the cooling coffee and the broken roll, were the results of a national straw vote taken by Robert H. Lucas, former executive director of the Republican National Committee. Polling 2,400 Republican county chairmen and 800 other party workers, Lucas received 1,565 replies. He announced that ex-President Hoover, superficially the most logical choice of his party to lead a campaign of vindication for himself and the Republican doctrines in 1936, placed—not first, not second, not even third, but sixth—as the organization's choice for a nominee.

The first choice of former director Lucas' party pluggers was, surprisingly enough, Idaho's Senator William E. Borah, who for several decades has been permanent leader in the United States Senate of the official opposition to whichever party controlled the government's executive branch. Headline-skimmers know Borah as an isolationist, a silverite, a liberal, according to his own highly individual standards, and most recently a zealous guardian of the purity of the federal Constitution against the seductive encroachments of the New Deal.

The party pluggers' second choice—not so surprising,—was rich Chicago publisher

Frank Knox, whose name has only recently become familiar to America's masses as a result of the political ballyhoo in behalf of his candidacy in the past few months. Vaguely known as a liberal, rich publisher Knox's liberalism is probably explained by the fact that his Chicago *Daily News* plays a vigorous second fiddle to Colonel Robert R. McCormick's ultra-conservative Chicago *Tribune*; by the further fact that if publisher Knox's bright young editorial writers wish to avoid agreeing with their rival paper in all matters of editorial policy, the only side left for them to take would be the liberal angle.

Not surprising either was the party pluggers' third choice, Governor Alfred M. Landon of Kansas. A young man with a record of war service (confined to this side of the Atlantic), Republicans know him as one of the few Republican governors to emerge from the Democratic landslides of 1932 and 1934, as a Kansas vote-getter, as a Kansas budget-balancer, as one who listens modestly with properly downcast eyes to sycophants who whisper to him of presidential aspirations. Aligned with the Progressive wing of Kansas Republicans, hence a supporter of the state's recently enacted graduated income tax and a defender of its direct primary, Governor Landon publicly and modestly hopes that he has given Kansas a "sound business administration," a claim which, among more militantly progressive western state executives, would not be offered as a boast but vigorously denied as a subtle and vicious form of political slander.

Budget-balancing Governor Landon has a record for quietly but sincerely cooperating with New Deal measures as they affect Kansas; has not even raised his voice in the swelling Republican chorus of professional Constitution-defenders.

More bitter than a fine spray of juice from his breakfast grapefruit must have been the tabulated Lucas poll as it met the ex-presidential eye. The totals:

Senator Borah	247
Colonel Knox	167
Governor Landon	127
Senator Vandenberg	97
Frank O. Lowden	88
Herbert Hoover	52
Theodore Roosevelt	41
Ogden Mills	40
Hamilton Fish	38
Senator Dickinson	28
Representative Wadsworth	17
Scattered	94

To commentators the moral is an obvious one; Republican county chairmen want a

© Acme  
WILLIAM E. BORAH  
Might be persuaded to run

New Deal at the party's top. The elephant glows a pale political pink in the reflected light of the Roosevelt New Day. Heading the Lucas list just below Borah are four men whose availability for the Republican nomination seems to be their innocuousness,—the fact that, while they may be well known, their names rouse neither enthusiasm nor resentment with the voters.

Straggling even behind Hoover are the party's firebrands: Ogden Mills, deemed by his colleagues greatest secretary of the treasury since Mellon,—Hamilton Fish, red-hater and red-baiter, vigilant watchdog against the machinations of Moscow,—and Colonel Theodore Roosevelt II.

Republican politicians realize—and resent—the fact that the Democrats capitalized the dynastic name of the late great Republican Theodore Roosevelt to win in 1932. But the fact that they gave the current Theodore Roosevelt even less votes

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OGDEN L. MILLS© U. & U.  
ARTHUR E. VANDENBERG  
They'd love it!

than Hoover would indicate that while practical Republican politicians have no conscientious scruples against fighting fire with fire, they doubt the practicability of checking a general conflagration with a safety match.

### ITALY'S PROBLEMS AT HOME

(Concluded from page 5)

averaged about \$150, as compared to \$652 for the United States, \$435 for Great Britain, \$231 for Germany, and \$218 for France. The standard of living in Italy, among the workers and the peasants, is as low as any in Europe. Naturally these figures do not mean that the Italians are less than a fourth as well off as the Americans, but they indicate how small a share of the world's wealth belongs to Italy's 43,000,000 citizens. Mussolini's problem has centered around the poverty of a country that has to buy a good part of its machinery, clothing, and food from other countries. Italy has had to enter into competition with such privileged nations as Great Britain, with its iron, coal, and colonial sources of raw material, and the United States, so well supplied with all the elements for a vigorous industrial life.

#### Italian Politics

Nominally, the fascist régime enjoys an overwhelming popularity among the Italian workers and peasants. In 1924 and in 1934 fascist candidates were elected to office with very heavy majorities. But the elections are not a reliable indicator. The Italian is presented with two ballots, one tricolored, on which he can vote for the entire slate of fascist candidates, and one white, which may be used to vote against the fascist party. The voter cannot choose among the candidates. He must announce himself an unqualified friend of the régime or its unqualified enemy. The voting itself is secret, but the voter must return the unused ballot to the fascist election officer stationed in the polls. Naturally, with a complete fascist control over the political and economic life of the state, an extensive fascist police force always at hand, and the knowledge that critics of fascism have been deported wholesale from Italy, not many voters have the courage to use a white ballot, even if they are profoundly dissatisfied with the policies of the fascist régime.

In the last 15 years, Mussolini has done much to win the loyalty of his fellow citizens. He has brought Italy from a lowly place among the European nations to a position of unquestioned military and naval strength, respected in international councils and a major factor in world politics. Not only the army and navy have been rejuvenated—Italy's railroads, transportation systems, public buildings, sanitation, urban and rural electrification, have all been creditable items in the fascist achievement. From every material standard, Italy has progressed under the fascists. Poverty has been relieved by social services, pensions, unemployment benefits. Medical treatment and hospital accommodations are far more accessible. But the difficulty is (and it is impossible to tell how widely this is grasped among the Italians themselves) that this progress has been paid for by government borrowing. Our own government has used the same financial methods, within the last three years, paying for social improvements by government loans. Italy, however, has far less potential wealth than the United States. In natural resources, agricultural and industrial, Italy is still a poor country. And what the United States has done for three years, the fascists have done for 15.

In 1935, the Italians are not ready to

change the tide back from borrowing to repayment. If, because of the Ethiopian war or increased expenditures at home, they are subjected to pressure by their creditors it will be very difficult for Mussolini to avoid a financial crisis. That might have political effects of the first importance. If the dictator's present reckoning with his creditors, in Europe and abroad, is as serious as it seems, there is small cause for wonder in his military aggressiveness. A war with the Ethiopians, while it could scarcely afford a solution for Italy's domestic problems, can keep 43,000,000 Italians from thinking about them. Whether that is the dictator's real aim no one can know. He has often declared that fascism is a "spiritual awakening," and that it does not have a consistent industrial or financial program. But, in the eyes of the world, Italy's self-confidence in the international sphere cannot conceal the long-run character of her economic situation, or the many dangers that are implicit in her dependence on foreign capital.

### HOPSON TESTIFIES

After an interval of several weeks during which his "whereabouts were unknown," Howard C. Hopson, financial director of the Associated Gas and Electric System, finally turned up to testify in the House inquiry on lobbies opposing the Utility Holding Company bill. When Mr. Hopson entered the Capitol, he was surrounded by a police bodyguard, who waited while he was giving his testimony, and then escorted him back to his taxicab. They prevented the serving of a subpoena from the Senate committee, which is conducting an inquiry into paid lobbies on the utility bill similar to that being held by the House. If the Senate can prove that anyone "willfully obstructed" the serving of its summons to appear on Mr. Hopson, it will be able to cite the responsible parties for contempt of the Senate, carrying a jail penalty.

Mr. Hopson's testimony was less spectacular than the disturbance over the Senate summons. He admitted that he and J. I. Mange, president of the AGE owned "lock, stock, and barrel" the top holding company of the system, which gives them control over all of AGE's 198 gas and electric operating companies. Although he was willing to describe the formation of the system, he balked at questions about his private income, which were "his own business." When Chairman O'Connor of the House committee said that Mr. Hopson's position as a seller of gas and electricity carried with it a burden of public responsibility, the utility magnate's answer was direct. He said that no one had to buy gas or electricity if he did not want it, that automobiles were also sold to the public, and that this did not mean that Henry Ford had to disclose his income to Congress, or tell "whether or not he started his business on a nickel." Asked how much money the public had put into the AGE, Mr. Hopson replied: "When a man borrows money, if the principal and interest are paid when due, I don't consider that the public is putting in money."

### NEW ANTI-NAZI MOVE

In spite of the feeling which anti-Nazi demonstrations in this country have aroused in Germany, the Massachusetts state legislature went on record last week as denouncing the religious persecution against Catholics and Protestants. The repercussions were instantaneous. The German consul at Boston protested against "this unwarranted and unpardonable interference," and received immediately a letter from the governor, James M. Curley, in which he said that the legislature's resolution was "timely and represents an honest and open expression of the secret opinion of Americans generally."

*Der Angriff*, official newspaper of the Nazi government, replied in part: "The German people are not guilty of any such shameful excesses as those which occurred during the strike disturbances in the United States, when women who wanted to work were driven through the streets and attacked until the blood flowed."





AT VARIOUS times in our history, the so-called "labor problem" has assumed a position of major importance. In times of prosperity such as that which followed the World War, strikes threaten industrial stability. In

### Permanence of the labor problem

such periods workers seek by collective action to obtain for themselves a larger share of the product of industry in the form of higher wages, shorter hours, and better working conditions. In times of depression, like the present, the "labor problem" assumes a different form. It becomes largely a question of unemployment and means of combating it. Between the two extremes of booms and depressions there is constantly a labor problem. Changes in the economic organization of the country raise new issues, produce serious dislocations, and cause instability.

Viewing the long history of the relations between capital and labor, the owners and workers of industry, one fact stands out above all others. The mechanization of industry has made the laboring masses more dependent upon the smooth functioning of an impersonal economic machine than ever before. The degree of security which existed before the industrial age, when a large part of the population could support itself largely by producing its own goods, has vanished. To a large extent the millions of industrial workers of the nation are dependent upon money wages, which in turn depend upon the working of the economic system. They have become more and more removed from the sources of those products which are essential to existence.

Not only have workers become entirely dependent upon the working of the economic system for their existence, but their individual relations with the owners of industry have undergone drastic changes during the last half century or so. No longer do industrial relations consist of personal contact between employer and employee. The rise of the huge corporation did away with all this, except in the case of that small proportion of workers who still earn their livelihood in the small business organizations. Consequently, the worker who would improve his economic position can no longer deal with his employer directly; he must seek other means of reaching his goal. He must treat with the owner of industry indirectly through an organization which is organized to protect his interests.

WHILE the technological progress which the United States has made in its industrialization process has brought rich rewards to labor in general, it has left many acute problems in its wake. If one eliminates the periods

### Workers af- fected by technology

of depression, the American worker has fared well during the last few years, especially since the World War. His standard of living, though far below a desirable level, has risen to heights undreamed of a few generations ago. He has been able to share in the production of goods and services to a far greater extent than have the workers of any country at any other time. Before the crash of 1929, it was assumed that as America soared to newer heights of economic prosperity, the worker should reap his just rewards, not only on the ground that he was entitled to higher wages and better conditions but also that without increased wages, the laborer, as a consumer, would be unable to absorb the growing quantity of goods which were being turned out year after year.

We cannot list here all the dislocations that

## The Status of American Labor

By David S. Muzzey and Paul D. Miller

have been caused by technological efficiency. As machines have been installed in factories to do the work formerly done by hand, workers have been deeply affected. Either the character of their work has been altered, many of them being no longer required to perform a number of operations but to continue one single process day after day, or their jobs have vanished completely. In either case, serious dislocations have been caused. On the one hand, the worker has had to adjust himself to a new type of operation in the same plant; on the other, he has been forced to find new employment, often in a line of work with which he is not familiar. And, in the meantime, he has had to pass through a period of temporary unemployment.

THIS is but one way in which the worker is directly affected by the general industrial trend. Dislocations to labor are caused by other conditions. New inventions, or the discovery of new products or processes, for example,

### Important adjustments necessary

often permanently cripple old industries and render hundreds of thousands of workers jobless. Such has been the case in the bituminous coal industry. Again, industries move from one location to another because of more favorable conditions, such as the nearness of the raw materials which they need or the markets upon which they depend. We find, for example, a great shifting of the textile, boot and shoe, and other industries from New England to other areas since 1920. While people are losing their jobs in one section on account of these shifts of industry, employment may be rising in another area, but the laborers are adversely affected, temporarily at least, and must adjust themselves to entirely new conditions.

In another important instance the working population has been vitally affected by the mechanization of industry. Industry after industry today fixes age limits beyond which it will not hire new employees. In a number of cases, the maximum age is 35 years, although the average would run much higher than that, possibly around 45 years. As a general rule, it is the large companies which have the most rigid age requirements. Such discrimination is likely to raise acute problems in the future, for, as the birth rate of the country continues to decline, a larger proportion of the population will be over 45, and a greater number will become dependent upon the government for support.

Since labor relations have become so largely an impersonal matter, it is not surprising that workers should attempt to improve their status by a substitute for the direct contact between employer and employee which formerly obtained in the industrial field. That substitute has been the labor union. As the country became industrialized following the Civil War, labor made numerous attempts to unite in order to protect its interests. After a number of more or less fruitless attempts to organize a strong labor movement embodying the majority of American workers, the American Federation of Labor was organized in 1886. The A. F. of L. is a loose federation of labor unions, each of which is relatively independent of

the others and of the federation. But in matters of policy for the whole of labor, the individual unions act collectively through the national organization.

THE growth of organized labor in the United States has been neither spectacular nor consistent. From 1890 to 1914 the membership of the A. F. of L. increased only from 300,000 to 2,700,000. Following the war, there was a spurt which brought the membership beyond the 5,000,000 mark, but there followed a decline until the organization of the NRA two years ago. Today the membership is

estimated at around 3,000,000, which represents but 12 per cent of the total working population. Approximately 10 per cent of all workers belong to unions not affiliated with the A. F. of L. and to the unions which have been organized within companies, the so-called company unions. Roughly three-fourths of all American workers remain unorganized.

The New Deal was hailed by friends of labor as the dawning of a new day in the history of labor relations. The National Recovery Act was supposed to guarantee to labor the right to organize and to bargain collectively with employers for better working conditions. This right proved to be more theoretical than practical, as the history of recent strikes and labor disputes has shown. Only by resorting to strong pressure, such as the strike, have workers been able to improve their status by forcing employers to yield to their demands. At present, labor relations are in a state of flux. The future is clouded with uncertainty. Many of the issues between capital and labor have been clarified by enactment of the Wagner labor disputes bill, which defines the rights and privileges of labor.

American workers, unlike those of other industrial nations, have shown little inclination to present a united front to their employers when problems of vital concern to all labor have arisen. Organized labor has never spoken for the great body of workers. The A. F. of L. has been more the spokesman of the skilled workers, the aristocracy of labor, than of labor as a whole. The lack of cohesion and unity may be due to the heterogeneous nature of the working population. In the past, labor has been composed of mixed elements, races, and colors, with different ideals and standards of living. With the restriction of immigration and the eventual assimilation of conflicting elements, American labor in the future may be expected to act more as a unit than it has in the past.

THE present depression has brought the insecure position of labor more clearly to the fore than ever before. The normal unemployment, which amounted to about 10 per cent in the manufacturing, transportation, mining, and building industries in the twenties, has been multiplied many fold during the last six years.

### Benefits of social insurance

It has become clear that only a small majority of employers will voluntarily make provisions against the risks of industrial labor—unemployment, old age, sickness, and the like. For that reason, the government has felt compelled to act on behalf of labor and has done so with its social security program which became law last week. For the first time in the history of this country, provision is made for between 28,000,000 and 30,000,000 workers who may be affected by industrial breakdown or the normal hazards of industrial life.

## Something to Think About

1. Why will it be difficult for the Republican party to condemn the agricultural program of the Roosevelt administration in its platform next year?
2. Do you think that former President Hoover was justified in calling President Roosevelt to task for his attitude on the Guffey coal bill?
3. What answer might the President make to the Hoover challenge about the constitutionality of the New Deal?
4. Is there any indication, in your opinion, that the Ethiopian venture of Mussolini is a result of internal political and economic difficulties in Italy?
5. What is the fundamental weakness in Italy's economic position?
6. What step has Mussolini taken in order to ease Italy's financial difficulties?
7. Do you think it likely that Huey Long can muster enough support to make himself a factor in next year's elections?
8. What is the German attitude with regard to protests in the United States against the Nazi campaign against Jews, Catholics, and Protestants?

9. How has Cuba fared economically as the result of the Roosevelt administration's policy toward the island?

10. Do you think the unions are justified in their strike against the WPA in New York?

11. What are the elements of controversy in the dispute over the prevailing wage rate on government projects?

12. What have been labor's principal benefits from technological improvement? How has it been adversely affected by such changes?

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PRONUNCIATIONS: Batista (bah-tee'stah), Mendieta (men-dee-ay'tah), Stahlhelm (shahl'helm), Pilsudski (peel-sood'skee), Garrido (gahr-ree'do), Cardenas (kar'day-nas).